

Before the  
**FEDERAL COMMUNICATIONS COMMISSION**  
Washington, D.C. 20554

**RECEIVED**

**MAR 22 1993**

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

In the Matter of )  
 )  
Implementation of Section 17 of the )  
Cable Television Consumer Protection )  
and Competition Act of 1992 )  
 )  
Compatibility Between Cable Systems )  
and Consumer Electronics Equipment )  
\_\_\_\_\_ )

ET Docket No. 93-7 ✓

**COMMENTS OF THE  
NATIONAL ELECTRONICS SERVICE DEALERS ASSOCIATION  
ON COMPATIBILITY BETWEEN CABLE SYSTEMS  
AND CONSUMER ELECTRONICS EQUIPMENT**

The National Electronic Service Dealers Association ("NESDA") hereby respectfully submits these comments in response to the Federal Communications Commission ("FCC" or "Commission") Notice of Inquiry issued on January 29, 1993, in the above-captioned proceeding. That Notice invites comments on (i) the nature and extent of the compatibility problem between cable systems and consumer electronics devices, (ii) information regarding alternative approaches available to cable operators for protecting against piracy, and (iii) suggestions for approaches to ensuring compatibility that will minimize costs for cable operators, consumer electronics manufacturers, and consumers.

NESDA and its technical certification division ISCET represents approximately 3,000 consumer electronics service dealers, retailers and certified technicians worldwide. We are a trade association whose mission and purpose is to provide various services to the

Number of Copies rec'd  
ABACODE

CL9

membership such as, but not limited to, educational programs; financial services; government relations; manufacturer and supplier relations; management, marketing and operational programs; and the opportunity for individuals to achieve a higher level of professionalism in their career field through certification testing at both management and technical levels.

As service dealers and consumer electronics retailers, NESDA members are immensely interested in promoting competition and cable compatibility in consumer electronics products. NESDA members would like to continue to sell and service TVs, VCRs, and remote controls, as well as cable converter boxes and other auxiliary video equipment, on a truly competitive market. Yet to date, our efforts often have been thwarted by local cable monopolies.

#### **The Frustration with the Cable Monopoly**

Many NESDA members and our many customers are frustrated with cable service. As more and more viewers take down their roof-top antennas and subscribe to cable, cable service is fast becoming the arbiter of how TVs, VCRs, and related consumer equipment can be operated. Yet, the 11,000 local cable systems are free to use different types of signal transmission, decoding, and in-home devices. Cable systems are not standardized with respect to each other, or with respect to consumer electronics equipment.

The fragmentation and local monopolization in the cable industry frustrate efforts to establish a competitive market in sales and service of consumer video equipment. Cable subscribers are often required to rent redundant converter boxes and remote controls, month after month, from their local cable monopoly. The lack of standardization among cable systems in different locations, along with arbitrary equipment and rental requirements by

some cable operators, often prevent the direct consumer purchase of converter boxes and remote controls.

Moreover, many consumers complain that cable converter boxes disable certain TV, VCR, and remote control functions. With converter boxes that unscramble only one channel at a time, cable subscribers are not able to record one channel while watching another, to record two consecutive programs on different channels, or to operate "picture-in-picture." In addition, these cable subscribers cannot use their own remote controls to change channels. Given this compatibility problem, consumers often are reluctant to purchase televisions with new advanced display capabilities, VCRs with premium programming and recording functions, and equipment with other special features and functions.

Simply put, cable subscribers want all the functions and special features they purchase with their TVs and VCRs to work with cable service, without extra cost or equipment. Cable subscribers want to choose and purchase their own remote controls and converter boxes, so they do not have to rent unwanted or incompatible equipment from their local cable monopoly. We want to sell or service consumer equipment that meets this demand.

### **A Three-Point Proposal for Cable Compatibility**

To address cable compatibility concerns, the FCC's goal ought to be three-fold: a near-term solution for today's TVs and VCRs, a longer-term solution for tomorrow's digital technology, and commercial availability of consumer equipment at every step of the way. Like the national telephone system, consumers should be able to buy, and independent retailers should be able to sell, TVs and VCRs that plug directly into a cable outlet. All the special features and accessories should work with cable service right out of the box.

### **Clear signal cable decoding that works with TODAY'S TVs**

To foster consumer electronics compatibility in the near term, the FCC should require cable systems to use signal security systems that transmit all authorized channels to the subscriber's home unscrambled, "in the clear." Today, most cable providers scramble signals to prevent theft, and then descramble the cable signals -- one channel at a time -- with set-top converter boxes. Yet newly developed technologies address signal security concerns without the troublesome converter/decoder box.

NESDA recommends interdiction, multichannel descrambling, and other point-of-entry systems that involve devices outside subscribers' homes, so that all authorized cable signals are delivered unscrambled, directly to subscribers' TVs or VCRs. These "clear channel" security systems do not require any additional in-home equipment or set-top converters, so they do not interfere with the use of TVs, VCRs, or remote controls. Consumers could once again have confidence that they will be able to enjoy full use of all the special features they purchase with their new TVs and VCRs.

### **National standards for TOMORROW'S digital technology**

With respect to future technology, the FCC should prescribe national standards to assure cable compatibility with the next generation of **digital** television technology --High Definition Television (HDTV) and digital signal compression. The transition to digital technology provides a unique opportunity to devise national standards for scrambling and security that would allow cable subscribers to plug in and use products that they buy competitively at retail.

NESDA recommends the adoption of a national standard for **renewable** security, where the key function of the security system is contained in a replaceable module, disc, or "smart card." Such renewable security technology would allow cable operators to implement system-specific security codes to protect against unauthorized reception and permit recovery from any attempts at piracy. At the same time, national standards for scrambling and renewable security would allow manufacturers to incorporate the electronics necessary for cable access and signal decoding in future TVs and VCRs. Retailers could sell digital TVs, VCRs, and auxiliary video equipment that would plug-in and work with any cable system --as long as the consumer purchases cable service and obtains the appropriate "smart card" from a local cable operator.

#### **A national competitive market for consumer equipment**

No matter how the FCC resolves the cable compatibility and interface issues, the FCC should promote a national competitive market for consumer equipment. Cable subscribers should not be forced to rent converter boxes and remote controls that local cable providers arbitrarily pick and price, with little regard for redundancy or compatibility with equipment consumers already own.

If the FCC establishes appropriate requirements for cable systems, remote controls, cable converter boxes, and other video equipment could be commercially available on a national competitive market. Plus, televisions and VCRs with premium features would be compatible with cable service, and thus more attractive to consumers. Cable subscribers could buy video products competitively at retail and use their own equipment with their local

cable system. This is no more, and no less, than has been achieved with telephones, despite separate local franchises, competing long distance carriers, and new special services.

**Conclusion**

When it comes to cable service, independent consumer equipment retailers historically have been left out of the picture. Not only have cable systems been monopolizing cable signals, cable providers have retained an effective monopoly over related consumer equipment. NESDA respectfully urges the Commission to bust this monopoly on consumer cable equipment. Through these proceedings, the FCC can and should implement compatibility requirements for cable service and consumer electronics devices that will foster competition among cable systems and independent consumer electronics retailers. Such competition, ultimately, will maximize choice and minimize cost for consumers.

Respectfully submitted,

NATIONAL ELECTRONIC SERVICE DEALERS  
ASSOCIATION

by: 

**Clyde W. Nabors**  
**Executive Director/CEO**  
**2708 West Berry Street**  
**Fort Worth, Texas 76109-2356**  
**(817) 921-9061**

Portland Electronics Co.  
4505 S.E. Belmont  
Portland, OR 97215

Office of the Secretary  
Federal Communications Commission  
Washington, D.C. 20554

RE: ET Docket No. 93-7

To Whom It May Concern:

The Oregon Professional Electronics Association independently supports and endorses the statement of the National Electronics Service Dealers Association in the matter of ET Docket No. 93-7.

Very truly yours,

A handwritten signature in black ink, appearing to read "Geoffrey Pruett", with a long horizontal flourish extending to the right.

Geoffrey Pruett  
President  
Oregon Professional  
Electronics Association

Remco Data Systems  
2822 N. Stone Avenue  
Tucson, AZ 85705  
March 22, 1993

Office of the Secretary  
Federal Communications Commission  
Washington, DC 20554

RE: ET Docket No. 93-7

To Whom It May Concern:

The Arizona State Electronics Association independently supports and endorses the statement of the National Electronics Service Dealers Association in the matter of ET Docket No. 93-7.

Very truly yours,

*R. L. M. [Signature]*